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TAGS: PARM MTCRE PREL MNUC ETTC IR VE

SUBJECT: IRAN, NORTH KOREA, AND SYRIA NONPROLIFERATION ACT -- NOTIFICATION OF SANCTIONS AGAINST A VENEZUELAN ENTITY

Classified By: WHA AS THOMAS A. SHANNON FOR REASONS 1.4 (B), (D), AND (H)

¶1. (U) This is an action request.

¶2. (S) Action Request: The United States will announce in the Federal Register on Wednesday, October 22 the imposition of sanctions under the Iran North Korea, and Syria Nonproliferation Act (INKSNA). Thirteen entities in eight countries are included. One Venezuelan entity, Venezuelan Military Industries Company (CAVIM), will be among those sanctioned. Post is requested to pre-notify the GOV in advance of the publication of the sanction against CAVIM. Please draw from the talking points in paragraph five. Talking points also may be provided as a non-paper.

¶3. (S) Background: The Iran, North Korea, and Syria Nonproliferation Act (INKSNA) requires periodic reports to Congress identifying foreign entities with respect to whom there is credible information indicating that they have transferred to or acquired from Iran, North Korea or Syria goods, services, or technology on multilateral control lists (Australia Group, Chemical Weapons Convention, Missile Technology Control Regime, Nuclear Suppliers Group, and the Wassenaar Arrangement) or certain other items with the potential to make a material contribution to WMD development or missile programs.

¶4. (S) The USG has determined that the Venezuelan Military Industries Company (CAVIM) has engaged in activities, as noted above, that warrant the imposition of measures pursuant to Section 3 of the INKSNA. The case underlying this determination has not been raised previously with the Venezuelan Government. End Background.

¶5. (S//REL Venezuela) Suggested Talking Points:

-- We have in the past advised the Government of Venezuela on several occasions of the requirements and potential effects of U.S. sanctions laws.

-- For example, you will recall that in a June 5, 2006 Diplomatic Note, prepared in response to public commentary by senior Venezuelan Government officials that Venezuela might sell US origin aircraft to countries such as Cuba, China, and Iran, the USG advised that a variety of sanctions and penalties exist in US law.

-- The Iran, North Korea, and Syria Nonproliferation Act (INKSNA) is one such law. This law requires periodic reports to Congress identifying foreign entities with respect to whom there is credible information indicating that they have transferred to or acquired from Iran, North Korea, or Syria goods, services, or technology on multilateral control lists (Australia Group, Chemical Weapons Convention, Missile Technology Control Regime, Nuclear Suppliers Group, and the Wassenaar Arrangement) or certain other items with the potential to make a material

contribution to WMD development or missile programs.

-- The United States has determined that there is credible information indicating that Venezuelan Military Industries Company (CAVIM) transferred to countries covered under the Act items on a multilateral control list, or other items that have the potential to contribute materially to WMD, missile, or certain other weapons programs.

-- Based on these transfers, we have imposed certain measures against CAVIM as provided in the Iran, North Korea, and Syria Nonproliferation Act (INKSNA).

-- Pursuant to the provisions of the INKSNA, the following measures are imposed on CAVIM, and its successors, subunits, and subsidiaries:

a. No department or agency of the United States Government may procure, or enter into any contract for the procurement of any goods, technology, or services from them;

b. No department or agency of the United States Government may provide any assistance to them, and they shall not be eligible to participate in any assistance program of the United States Government;

c. No United States Government sales to them of any item on the United States Munitions List are permitted, and all sales to them of any defense articles, defense services, or design and construction services under the Arms Export Control Act are terminated; and

d. No new individual licenses shall be granted for the transfer to them of items, the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations, and existing such licenses are suspended.

-- These measures will take effect shortly and will remain in place for two years.

-- This determination as well as determinations against entities from seven other countries, will be published soon in the Federal Register of the United States.

-- We would like to stress that in determining whether to impose INKSNA sanctions, the USG considers all relevant information.

End suggested talking points.

**¶8.** (U) Please slug any reporting on this issue for VCI/FO and WHA/AND. A response is requested as soon as possible. Department point of contact is Stephen Tomchik, VCI/FO, 202-647-1192 (tomchiks@state.sgov.gov).  
RICE

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